



County of Los Angeles
Department of Public Social Services

Bryce Yokomizo
Director

March 27, 2003

TO: Each Supervisor

FROM: Bryce Yokomizo, Director

David E. Janssen, Chief Administrative Officer

SUBJECT: **ELECTRONIC BENEFIT TRANSFER (EBT) - PROGRESS WITH BANKS
ON ISSUE OF SURCHARGE-FREE ACCESS**

This is to provide you with a status report on the progress underway with banks on the issue of providing surcharge-free access for the County's cash aid participants should your Board opt to issue cash via EBT.

On February 27, 2003, we met with representatives from the Bank of America, Citicorp, Union Bank, US Bank, Washington Mutual, and Wells Fargo. Other partners at the table included State, County Counsel, Treasurer and Tax Collector staff, as well as Deputies from each of your offices.

The State presented a compelling business case for the banks to provide surcharge-free access, stressing EBT as an opportunity for them to establish a relationship and develop loyalty with a new customer base - many of whom do not currently have bank accounts.

The State also clarified that there is nothing that prohibits banks from providing surcharge-free access. Based on current industry practice and ATM network rules, the decision to impose charges is discretionary. This is an important issue because in earlier discussions, one bank representative told us that banks did not have this discretion - that they had to impose the same fees on EBT cardholders as they do for other ATM cardholders. The State resolved this issue for everyone at the table.

County staff was able to put a human face on the issue, pointing out that our participants simply do not have the means to pay surcharges. We emphasized our appreciation for the banks that are providing surcharge-free access, and encouraged other banks to do the same. The Board Deputies also presented business strategies for the banks to consider, including a proposal for a short-term trial period with a six-month offer of ATM surcharge-free access.

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While we had a good discussion, none of the bank representatives made a commitment at the meeting. It was agreed that they would follow up with State staff in 30 days. After April 1, we will follow up with the banks to determine their willingness to provide surcharge-free access. We will update you at that time.

DJ/BY:mq

c: Executive Officer, Board of Supervisors
Auditor-Controller
County Counsel
Treasurer and Tax Collector